

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Priority Health
NAIC No. 95561

Enforcement Case No. 10-10607

Respondent
_____ /

Issued and entered
on 11/17 2010.
by Stephen R. Hilker
Chief Deputy Commissioner

CONSENT ORDER AND STIPULATION

A. FINDING OF FACTS AND CONCLUSIONS OF LAW

1. Priority Health is a licensed Health Maintenance Organization in the State of Michigan.
2. As the result of an investigation conducted by the Office of Financial and Insurance Regulation ("OFIR") it was discovered that effective January 1, 2008, Priority Health made a substantive change to its payment methodology to chiropractors without first obtaining OFIR's approval as required by Section 3529(6) of the Michigan Insurance Code of 1956, as amended, ("Code"), MCL 500.3529(6).
3. Priority Health knew or had reason to know that Section 3529(6) of the Code, MCL 500.3529(6), provides that:

(6) A health maintenance organization shall submit to the commissioner for approval standard contract formats proposed for use with its affiliated providers and any substantive changes to those contracts. The contract format or change is considered approved 30 days after filing unless approved or disapproved within the 30 days. As used in this subsection, "substantive changes to contract formats" means a change to a provider contract that alters the method of payment to a provider, alters the risk assumed by each party to the contract, or affects a provision required by law.

4. On or about November 20, 2007, Priority Health sent its network chiropractors a letter informing them that on January 1, 2008, Priority Health would reimburse them at a per visit rate of \$36.00, or billed charges, whichever is less.
5. As required by Section 3529(6), Priority Health did not provide OFIR with a copy of the November 20, 2007 letter or a copy of the proposed provider agreement language.
6. On or about August 16, 2010, Priority Health submitted a SERFF filing to amend its chiropractic agreement and OFIR subsequently approved the filing.
7. Priority Health is subject to penalty under Section 150 of the Code for violating Section 3529(6) of the Code.

B. ORDER

Based upon the findings of fact and conclusions of law above, and Respondent stipulation to said facts, it is hereby ORDERED that:

1. Respondent Priority Health shall immediately cease and desist from operating in a manner that violates Section 3529(6) of the Code, MCL 500.3529(6).
2. Respondent Priority Health shall pay to the State of Michigan, a civil fine of Five Hundred Dollars (\$500.00.). Upon issuance and entry of this Order, OFIR will send an Invoice to Respondent, and Respondent shall pay the fine by the due date printed on the Invoice.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION

By: Stephen R. Hilker
Stephen R. Hilker
Chief Deputy Commissioner

C. STIPULATION

I have read and understand the consent order above. I agree that the Commissioner has jurisdiction and authority to issue this consent order pursuant to the Insurance Code. I waive the right to a hearing in this matter if this consent order is issued. I understand that this stipulation and consent order will be presented to the Commissioner for approval and the Commissioner may or may not issue this consent order. I waive any objection to the Commissioner deciding this case following a hearing in the event the consent order is not approved. I admit the facts set forth in the above consent order and agree to the entry of this order.

Kimberly Thomas
Authorized Representative of Priority Health
NAIC No. 95561

Name & Title General Counsel + Vice President

Dated: 10-26-10

The OFIR staff approves this stipulation and recommends that the Commissioner issue the above Consent Order.

William R. Peattie
William R. Peattie

Dated: 11/17/10